

NSL PTG-W 1022834529

ABOVE THIS LINE FOR DIVISION USE ONLY

NEW MEXICO OIL CONSERVATION DIVISION  
**RECEIVED OGD** Engineering Bureau -  
 1220 South St. Francis Drive, Santa Fe, NM 87505  
 2010 AUG 16 A 9:28



Merrion  
 RECEIVED OGD  
 14834  
 Westland Park #1

**ADMINISTRATIVE APPLICATION CHECKLIST**

30-045-34749

THIS CHECKLIST IS MANDATORY FOR ALL ADMINISTRATIVE APPLICATIONS FOR EXCEPTIONS TO DIVISION RULES AND REGULATIONS WHICH REQUIRE PROCESSING AT THE DIVISION LEVEL IN SANTA FE

**Application Acronyms:**

- [NSL-Non-Standard Location] [NSP-Non-Standard Proration Unit] [SD-Simultaneous Dedication]
- [DHC-Downhole Commingling] [CTB-Lease Commingling] [PLC-Pool/Lease Commingling]
- [PC-Pool Commingling] [OLS - Off-Lease Storage] [OLM-Off-Lease Measurement]
- [WFX-Waterflood Expansion] [PMX-Pressure Maintenance Expansion]
- [SWD-Salt Water Disposal] [IPI-Injection Pressure Increase]
- [EOR-Qualified Enhanced Oil Recovery Certification] [PPR-Positive Production Response]

NSL-6257  
 NSP-1944

- [1] **TYPE OF APPLICATION** - Check Those Which Apply for [A]
- [A] Location - Spacing Unit - Simultaneous Dedication  
 NSL  NSP  SD
  - Check One Only for [B] or [C]
  - [B] Commingling - Storage - Measurement  
 DHC  CTB  PLC  PC  OLS  OLM
  - [C] Injection - Disposal - Pressure Increase - Enhanced Oil Recovery  
 WFX  PMX  SWD  IPI  EOR  PPR
  - [D] Other: Specify \_\_\_\_\_
- [2] **NOTIFICATION REQUIRED TO:** - Check Those Which Apply, or  Does Not Apply
- [A]  Working, Royalty or Overriding Royalty Interest Owners
  - [B]  Offset Operators, Leaseholders or Surface Owner
  - [C]  Application is One Which Requires Published Legal Notice
  - [D]  Notification and/or Concurrent Approval by BLM or SLO  
U.S. Bureau of Land Management - Commissioner of Public Lands, State Land Office
  - [E]  For all of the above, Proof of Notification or Publication is Attached, and/or,
  - [F]  Waivers are Attached

Case #14163  
 Order # R-13000

[3] **SUBMIT ACCURATE AND COMPLETE INFORMATION REQUIRED TO PROCESS THE TYPE OF APPLICATION INDICATED ABOVE.**

[4] **CERTIFICATION:** I hereby certify that the information submitted with this application for administrative approval is **accurate** and **complete** to the best of my knowledge. I also understand that **no action** will be taken on this application until the required information and notifications are submitted to the Division.

**Note: Statement must be completed by an individual with managerial and/or supervisory capacity.**

Philana Thompson		Regulatory Compliance Specialist	8/10/2010
Print or Type Name	Signature	Title	Date
		pthompson@merrion.bz	
		e-mail Address	

Westland Park #1



August 9, 2010

Mr. David Brooks  
New Mexico Oil Conservation Division  
1220 S. St. Frances Dr  
Santa Fe, NM 87504

Reference:

Application for Administrative Approval of Unorthodox Location  
Merrion Oil & Gas Corporation  
Westland Park #1  
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL  
San Juan County, NM  
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Merrion Oil & Gas hereby requests administrative approval for an unorthodox location for the above referenced well for the Kutz West Pictured Cliffs and Basin Fruitland Coal formation. Attached for your reference are the following exhibits:

1. Well location plat (NMOCD Form C-102)
2. Topographic Map
3. Ownership Map

The above mentioned well is being drilled within the city limits of Farmington, New Mexico. Merrion Oil & Gas was unable to find a surface site at an orthodox location that meets the city set-back rules and is acceptable to surface owners. The proposed unorthodox location is the best location that meets those guidelines.

Merrion Oil & Gas is the offset operator of the target formations located in the above mentioned section so no notification letters have been sent out.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson". The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Philana Thompson  
Regulatory Compliance Specialist  
Merrion Oil & Gas Corporation  
505-324-5336 office



August 9, 2010

Mr. David Brooks  
New Mexico Oil Conservation Division  
1220 S. St. Frances Dr  
Santa Fe, NM 87504

Reference:

Application for Administrative Approval of Unorthodox Location  
Merrion Oil & Gas Corporation  
Westland Park #1  
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL  
San Juan County, NM  
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas hereby requests administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Merrion Oil & Gas is the offset operator of the target formations located in the above mentioned section so no notification letters have been sent out.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson". The signature is fluid and cursive, written over a white background.

Philana Thompson  
Regulatory Compliance Specialist  
Merrion Oil & Gas Corporation  
505-324-5336 office

District I  
1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

District II  
1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

District III  
1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV  
1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**

**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number <b>30-045-34749</b>	2. Pool Code <b>79680</b>	3. Pool Name <b>KUTZ PICTURED CLIFFS, WEST (GAS)</b>
4. Property Code <b>37223</b>	5. Property Name <b>WESTLAND PARK</b>	6. Well No. <b>001</b>
7. OGRID No. <b>14634</b>	8. Operator Name <b>MERRION OIL &amp; GAS CORP</b>	9. Elevation <b>5224</b>

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	18	29N	13W		1269	N	1183	W	SAN JUAN

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres <b>90.15</b>		13. Joint or Infill		14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>Richard Thompson</i> Title: <i>Regulatory Comp'l. Spec</i> Date: <i>8/5/10</i></p>
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Gerald Huddleston Date of Survey: 5/8/2008 Certificate Number: 6844</p>

District I

1625 N. French Dr., Hobbs, NM 88240  
Phone:(505) 393-6161 Fax:(505) 393-0720

District II

1301 W. Grand Ave., Artesia, NM 88210  
Phone:(505) 748-1283 Fax:(505) 748-9720

District III

1000 Rio Brazos Rd., Aztec, NM 87410  
Phone:(505) 334-6178 Fax:(505) 334-6170

District IV

1220 S. St Francis Dr., Santa Fe, NM 87505  
Phone:(505) 476-3470 Fax:(505) 476-3462

**State of New Mexico**  
**Energy, Minerals and Natural Resources**  
**Oil Conservation Division**  
**1220 S. St Francis Dr.**  
**Santa Fe, NM 87505**

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

1. API Number	2. Pool Code 71629	3. Pool Name BASIN FRUITLAND COAL (GAS)
4. Property Code 37223	5. Property Name WESTLAND PARK	6. Well No. 001
7. OGRID No. 14634	8. Operator Name MERRION OIL & GAS CORP	9. Elevation 5224

**10. Surface Location**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
C	18	29N	13W		1269	N	1183	W	SAN JUAN

**11. Bottom Hole Location If Different From Surface**

UL - Lot	Section	Township	Range	Lot Idn	Feet From	N/S Line	Feet From	E/W Line	County
12. Dedicated Acres 250.15		13. Joint or Infill		14. Consolidation Code			15. Order No.		

**NO ALLOWABLE WILL BE ASSIGNED TO THIS COMPLETION UNTIL ALL INTERESTS HAVE BEEN CONSOLIDATED OR A NON-STANDARD UNIT HAS BEEN APPROVED BY THE DIVISION**

	<p align="center"><b>OPERATOR CERTIFICATION</b></p> <p><i>I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the proposed bottom hole location(s) or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.</i></p> <p>E-Signed By: <i>[Signature]</i>                  Title: <i>Regulatory Compl. Spec</i>                  Date: <i>8/5/10</i></p>
	<p align="center"><b>SURVEYOR CERTIFICATION</b></p> <p><i>I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.</i></p> <p>Surveyed By: Gerald Huddleston                  Date of Survey: 5/8/2008                  Certificate Number: 6844</p>

District I  
 1625 N. French Dr. Hobbs, NM 88240  
 District II  
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 District IV  
 1220 S. St Francis Dr., Santa Fe, NM 87505

State of New Mexico  
 Energy, Minerals & Mining Resources Department  
**OIL CONSERVATION DIVISION**  
 2040 South Pacheco  
 Santa Fe, NM 87505

Form C - 102  
 Revised October 12, 2005  
 Submit to Appropriate District Office  
 State Lease - 4 Copies  
 Fee Lease - 3 Copies

AMENDED REPORT

**WELL LOCATION AND ACREAGE DEDICATION PLAT**

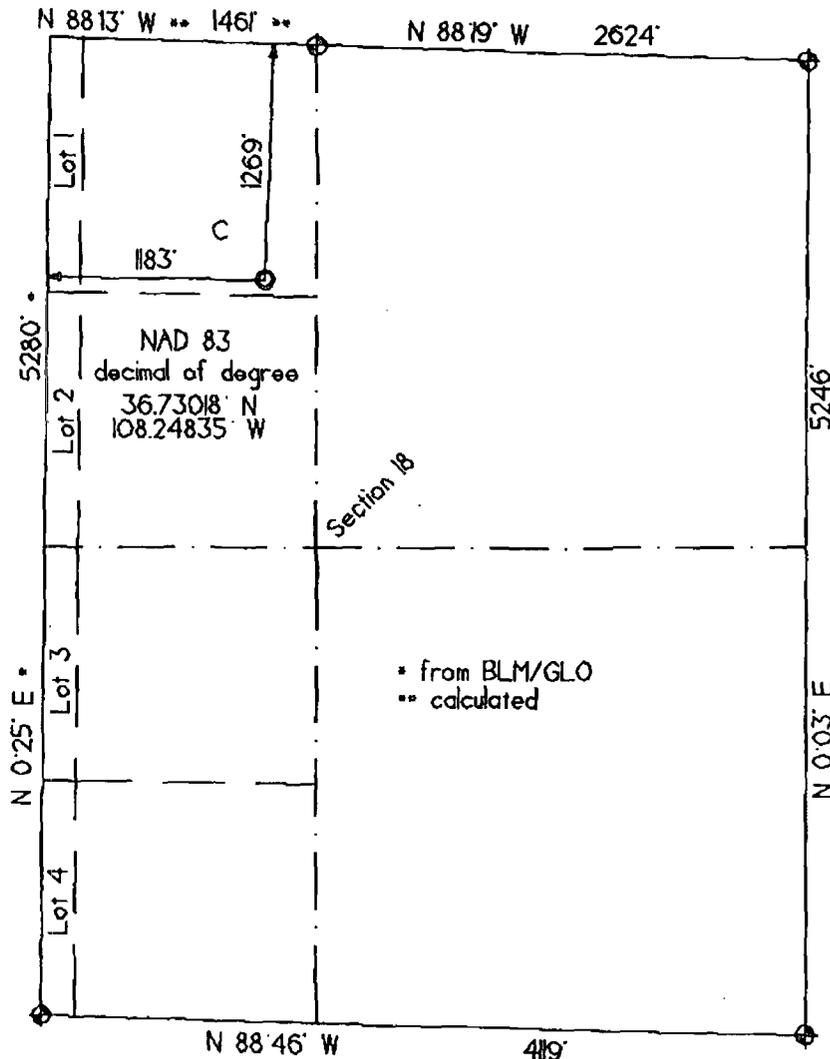
APA Number	Pool Code	Pool Name
Property Code	Property Name WESTLAND PARK	Well Number 1
OGRID No.	Operator Name MERRION OIL & GAS	Elevation 5224'

Surface Location									
UL or Lot	Sec.	Twp.	Rgn.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County
C	18	29 North	13 West		1269'	North	1183'	West	San Juan

Bottom Hole Location if Different From Surface									
UL or Lot	Sec.	Twp.	Rgn.	Lot Idn.	Feet from >	North/South	Feet from >	East/West	County

Dedicated Acres	Joint or Infill	Consolidation Code	Order No.
-----------------	-----------------	--------------------	-----------

No allowable will be assigned to this completion until all interests have been consolidated or a non-standard unit has been approved by the division.



**OPERATOR CERTIFICATION**  
 I hereby certify that the information contained herein is true and complete to the best of my knowledge and belief, and that this organization either owns a working interest or unleased mineral interest in the land including the bottom hole location or has a right to drill this well at this location pursuant to a contract with an owner of such a mineral or working interest, or to a voluntary pooling agreement or a compulsory pooling order heretofore entered by the division.

Date \_\_\_\_\_

Signature \_\_\_\_\_

Printed Name \_\_\_\_\_

**SURVEYOR CERTIFICATION**  
 I hereby certify that the well location shown on this plat was plotted from field notes of actual surveys made by me or under my supervision, and that the same is true and correct to the best of my belief.

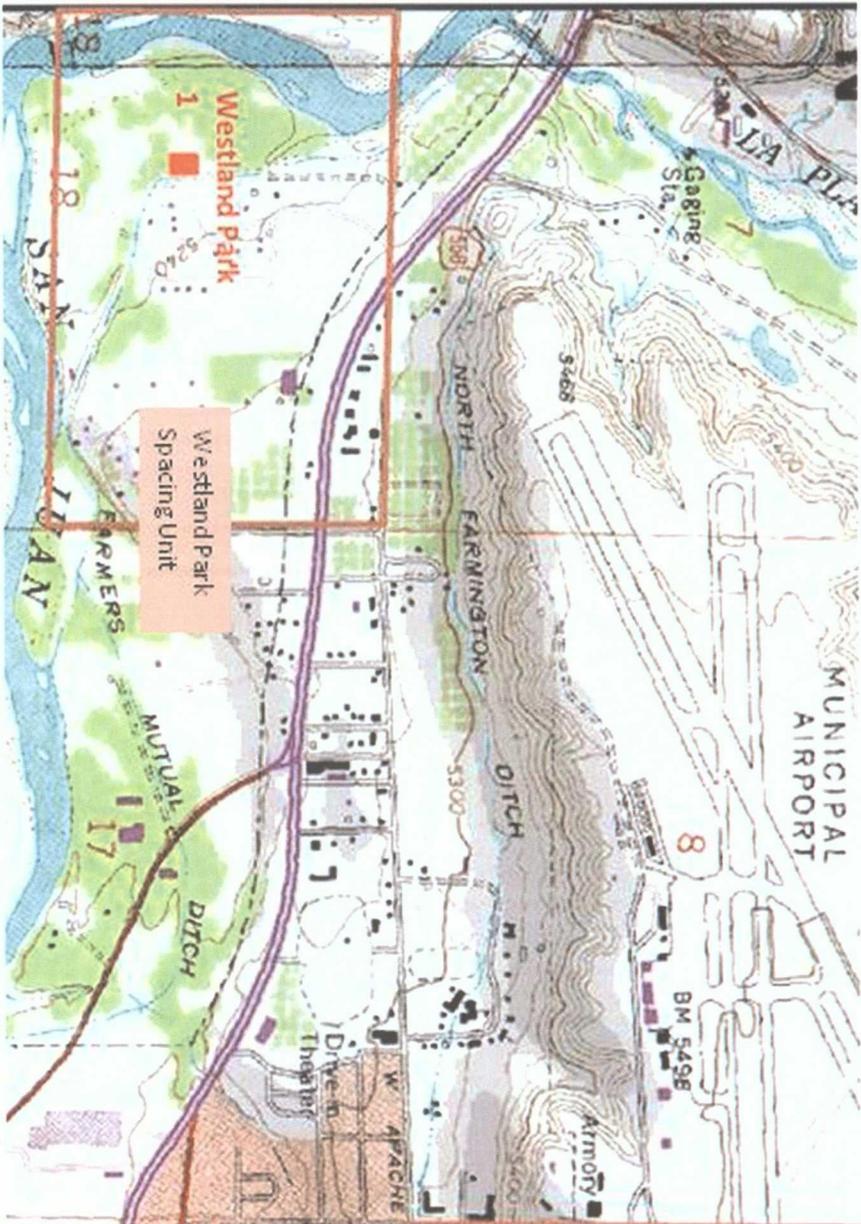
Date of survey 05 08 '08

Signature and Seal of Professional Surveyor

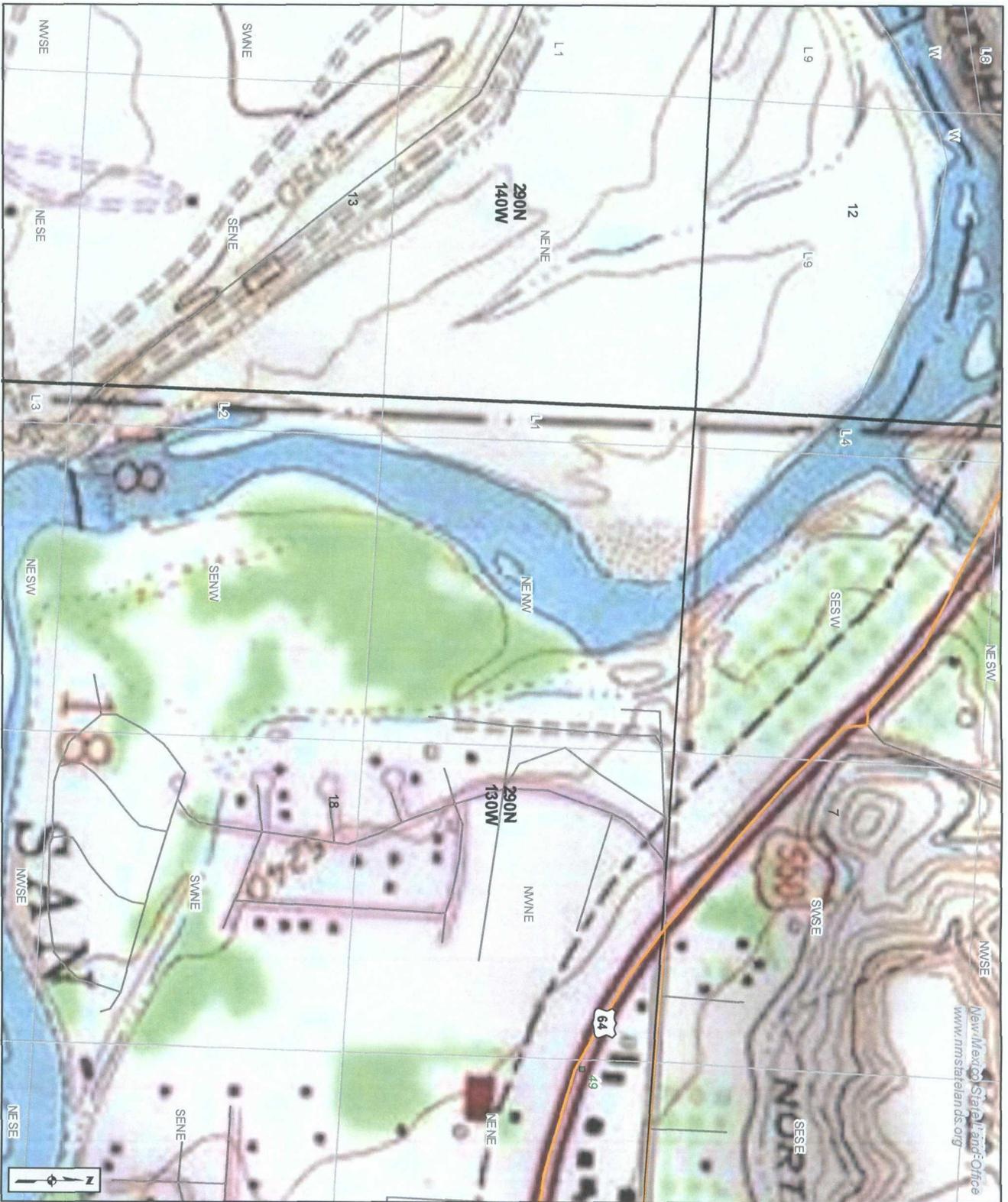
**GERALD G. HODDLESTON**  
 NEW MEXICO  
 6844  
 REGISTERED SURVEYOR

*Gerald G. Huddleston*

Certificate Number 6844



Westland Park 1 & 2  
Topo Location Map



New Mexico State Land Office  
www.nmstateland.us.org

## LEGEND

- Country Seats
- ▲ SLO District Offices
- City, Town or Village
- ★ Volcanic Ventis
- Highway Mileposts
- NMOCD Oil, Gas Wells
- ★ Carbon Dioxide
- ☆ Gas
- Injection
- Miscellaneous
- Oil
- ▲ Salt Water Disposal
- ◆ Water
- ◆ DA or PA

### Federal Subsurface Ownership

- All Minerals
- Coal Only
- Oil and Gas Only
- Oil, Gas and Coal Only
- Other Minerals

### State Trust Lands Ownership

- Surface Estate
- Subsurface Estate
- Both Estates

### State Lease Types

- Commercial Leases
- Minerals Leases
- Oil and Gas Leases
- Agricultural Leases
- Oil, Gas Leasing Influenced By Restriction
- Not Available for Oil, Gas Leasing

### Other Boundaries

- Continental Divide
- State Boundary
- - - County Boundaries
- Oil and Gas Unit Boundary
- Participating Areas in Units
- Geologic Regions
- NMOCD Order R-111-P
- Polish Endave Outline

# New Mexico State Land Office Oil, Gas, and Minerals Land/Lease Information Map

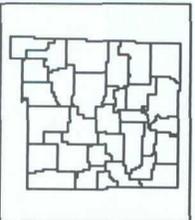
0.0 0.03 0.06 0.09 0.12  
Miles

The New Mexico State Land Office assumes no responsibility or liability for, or in connection with, the accuracy, reliability or use of the information provided here, in State Land Office data layers or any other data layer.

Land Office Geographic Information Center  
logis@sls.state.nm.us

Universal Transverse Mercator Projection, Zone 13  
1983 North American Datum

Created On: 8/12/2010 9:52:13 AM



For detailed legend of the Geologic Map of New Mexico, please see <http://geoinfo.nmt.edu/>



MERRION  
OIL & GAS

# In-Town Wells

San Juan Co, New Mexico

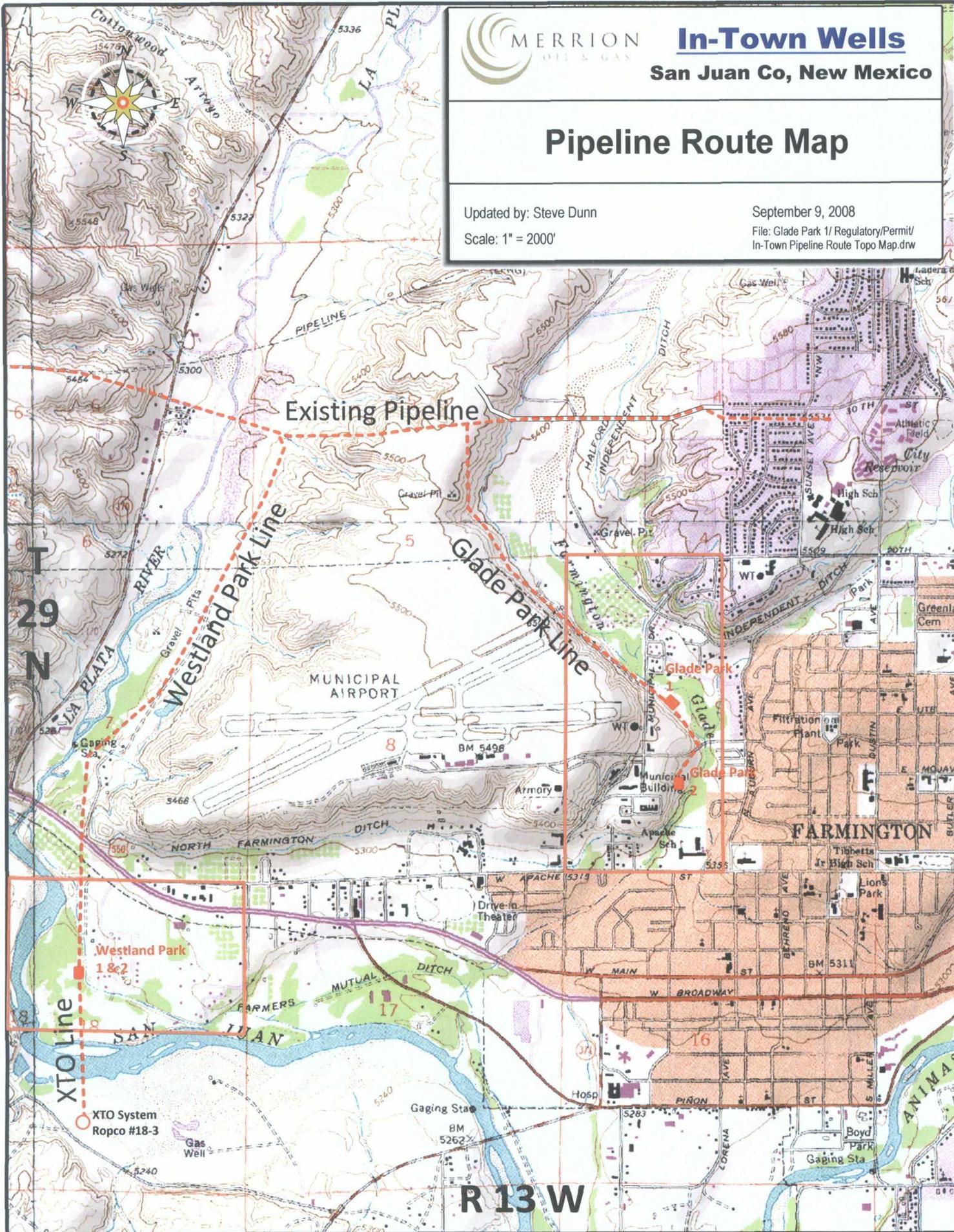
## Pipeline Route Map

Updated by: Steve Dunn

September 9, 2008

Scale: 1" = 2000'

File: Glade Park 1/Regulatory/Permit/  
In-Town Pipeline Route Topo Map.drw





SCALE: 1" = 200'

DATE	July 11, 2008
PROJECT No.	2008-187
DRAWN BY	MS
CHECKED BY	FW
SCALE	NIS
REVISIONS	DATE
Δ	
Δ	
Δ	



125 WEST MAIN STREET • FARMINGTON, NEW MEXICO 87401  
 PHONE: 505.564.2139 • FAX: 505.564.2310

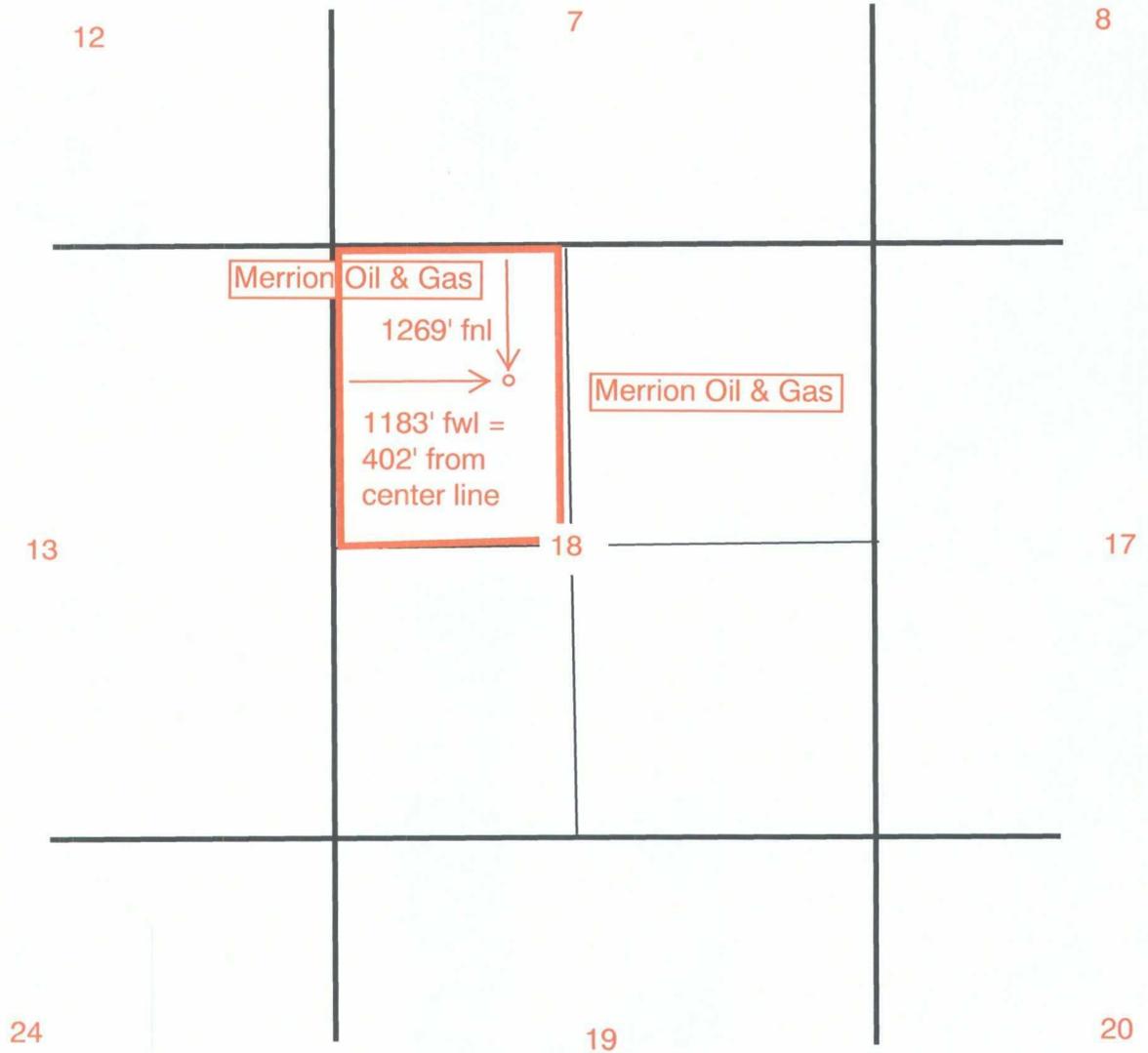
MERRION OIL & GAS  
 NW/4 OF SECTION 18, T29N, R13W  
 FARMINGTON, NEW MEXICO

WESTLAND PARK #1

CADFILE:

Y:\CAD Drawings\GASLURA  
 DWG\2008-187.dwg  
 G:\Westland Park West  
 Site\Westland Park West  
 Site\2008.dwg

**Offset Operator Plat**  
**Non-Standard Location Application**  
**Westland Park #1 Well**  
**West Kutz Pictured Cliffs Pool**  
**NW/4 Section 18, T29N, R13W**  
**San Juan County, NM**





# Rate/Time Graph

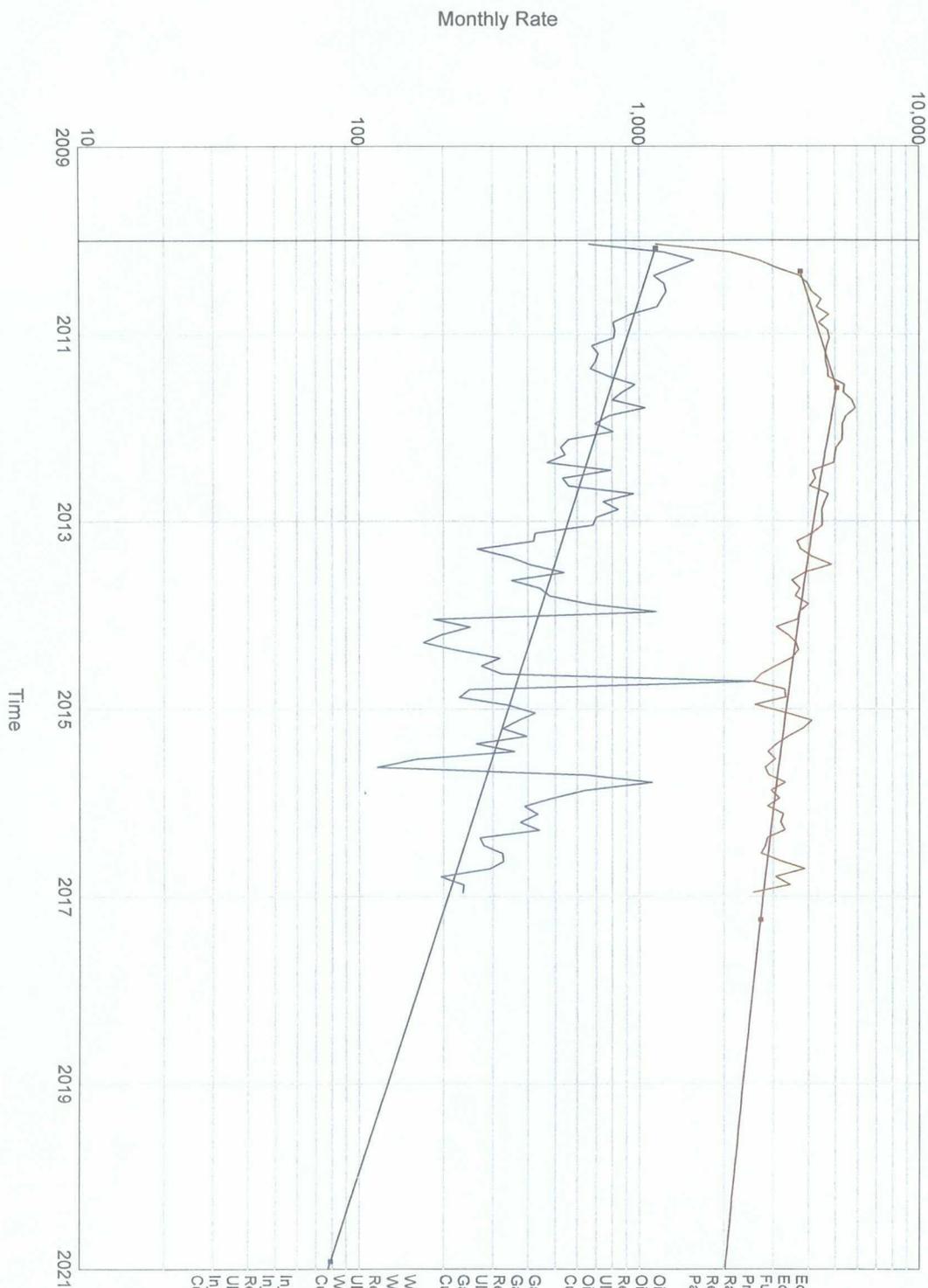
## Fruitland Coal Type Curve

Lease Name: Fruitland Coal Type Curve - 43 wells (0)  
 County, ST: ,  
 Location: 0-0-0

Operator:  
 Field Name:

Exhibit 7  
 Date: 2/6/2010  
 Time: 10:02 AM

Fruitland Coal Type Curve - 43 wells -



Economic Limit: 06/2034  
 Economic Life: 294 mo  
 Future Net Revenue: \$974,983  
 Present Worth: \$268,672  
 Rate of Return: 19.730 %  
 Return on Invest: 2.77  
 Payout Date: 05/2014

Oil at Effective Date: 0 bbl  
 Oil at Economic Limit: 0 bbl  
 Rem Oil (Decline): 0 bbl  
 Ult Oil (Decline): 0 bbl  
 Oil Decline at Eff Date: 0.00 %  
 Cum Oil at Eff Date: 0 bbl

Gas at Effective Date: 0 mcf  
 Gas at Economic Limit: 876 mcf  
 Rem Gas (Decline): 657,290 mcf  
 Ult Gas (Decline): 657,290 mcf  
 Gas Decline at Eff Date: 0.00 %  
 Cum Gas at Eff Date: 0 mcf

Water at Effective Date: 0 bbl  
 Water at Economic Limit: 3 bbl  
 Rem Water (Decline): 61,405 bbl  
 Ult Water (Decline): 61,405 bbl  
 Water Decline at Eff Date: 0.00 %  
 Cum Water at Eff Date: 0 bbl

Inj at Effective Date: 0 bbl  
 Inj at Economic Limit: 0 bbl  
 Rem Inj (Decline): 0 bbl  
 Ult Inj (Decline): 0 bbl  
 Inj Decline at Eff Date: 0.00 %  
 Cum Inj at Eff Date: 0 bbl

# Rate/Time Graph

Pictured Cliffs Type Curve

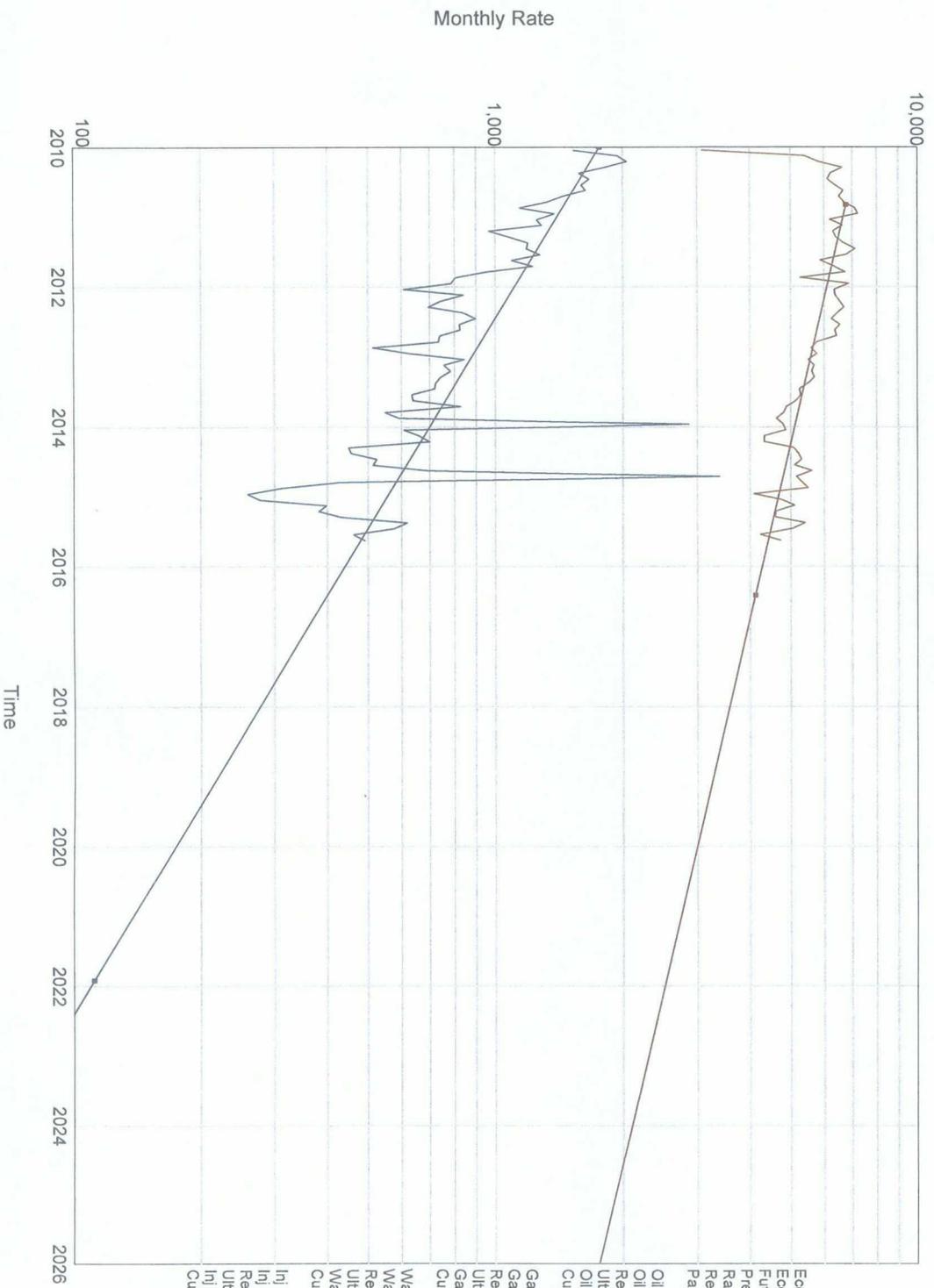
Exhibit 9

Lease Name: Pictured Cliffs Recent Type Curve ()  
 County, ST: ,  
 Location: 0-0-0

Operator:  
 Field Name:

Date: 2/6/2010  
 Time: 10:01 AM

Pictured Cliffs Recent Type Curve -



Economic Limit: 04/2033  
 Economic Life: 280 mo  
 Future Net Revenue: \$1,986,778  
 Present Worth: \$1,038,271  
 Rate of Return: >100 %  
 Return on Invest: 14.25  
 Payout Date: 12/2010

Oil at Effective Date: 0 bbl  
 Oil at Economic Limit: 0 bbl  
 Rem Oil (Decline): 0 bbl  
 Ult Oil (Decline): 0 bbl  
 Oil Decline at Eff Date: 0.00 %  
 Cum Oil at Eff Date: 0 bbl

Gas at Effective Date: 0 mcf  
 Gas at Economic Limit: 923 mcf  
 Rem Gas (Decline): 856,595 mcf  
 Ult Gas (Decline): 858,595 mcf  
 Gas Decline at Eff Date: 0.00 %  
 Cum Gas at Eff Date: 0 mcf

Water at Effective Date: 1,746 bbl  
 Water at Economic Limit: 8 bbl  
 Rem Water (Decline): 88,580 bbl  
 Ult Water (Decline): 88,580 bbl  
 Water Decline at Eff Date: 20.67 %  
 Cum Water at Eff Date: 0 bbl

Inj at Effective Date: 0 bbl  
 Inj at Economic Limit: 0 bbl  
 Rem Inj (Decline): 0 bbl  
 Ult Inj (Decline): 0 bbl  
 Inj Decline at Eff Date: 0.00 %  
 Cum Inj at Eff Date: 0 bbl

**Westland Park Project** Sec 18, T29N, R13W



- Legend**
- Township Range
  - PLSS SECTIONS
  - Quarter Sections
  - RIVERS
  - LAKES
  - FARMINGTON CITY LIMITS
  - SIC Road Status
  - Major Roads
  - Private
  - County Maintained
  - Unimproved County Maintained
  - City and Gas roads
  - ROADS
  - NAVJO RESERVATION
  - PARCELS
  - River Corridor

Scale: 1:8,000



**City of Farmington**  
 P#: 2-078-171-304-396  
 B: 1042 P: 154  
 36.46-AC



This map is a user generated static output from an internet mapping site and is for general reference only. Data layers that appear on this map may or may not be accurate, current, or otherwise reliable. THIS MAP IS NOT TO BE USED FOR NAVIGATION.

## Brooks, David K., EMNRD

---

**From:** Philana Thompson [PThompson@merrion.bz]  
**Sent:** Friday, August 20, 2010 10:17 AM  
**To:** Brooks, David K., EMNRD  
**Subject:** RE: Westland Park No. 1; NSP application  
**Attachments:** Revised OCD NSP\_NSL App.pdf

Attached is the revised app with notification letters

Thanks Philana

---

**From:** Brooks, David K., EMNRD [mailto:david.brooks@state.nm.us]  
**Sent:** Wednesday, August 18, 2010 2:54 PM  
**To:** Philana Thompson  
**Subject:** Westland Park No. 1; NSP application

Dear Ms. Thompson

In the referenced application, you state that no notice is required because Merrion is the operator of the entire section. In the case of the NSL application, this is correct in that no notice is required because the encroachment is internal within the unit.

In the case of the NSP application, since the proposed non-standard unit is an entire quarter section, there are no owners left out of the unit, and therefore no notice is required by the express provision of Rule 4.12.A(3). However, that rule also provides that notice shall be given to other persons to whom the Division requires notice. Where an application to create a non-standard unit significantly affects well density, as is the case here (1 well per 90 acres versus 1 well per 160 acres), it is our policy to require notice to offsetting operators of all adjoining units. Therefore notice needs to be sent for the NSP application to the operators of the adjoining units to the north, northeast, northwest and west, which are not in Section 18.

Thanks

David K. Brooks  
Legal Examiner

Confidentiality Notice: This e-mail, including all attachments is for the sole use of the intended recipient(s) and may contain confidential and privileged information. Any unauthorized review, use, disclosure or distribution is prohibited unless specifically provided under the New Mexico Inspection of Public Records Act. If you are not the intended recipient, please contact the sender and destroy all copies of this message. -- This email has been scanned by the Sybari - Antigen Email System.



August 20, 2010

Mr. David Brooks  
New Mexico Oil Conservation Division  
1220 S. St. Frances Dr  
Santa Fe, NM 87504

Reference:

Application for Administrative Approval of non standard spacing unit  
Merrion Oil & Gas Corporation  
Westland Park #1  
30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL  
San Juan County, NM  
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Dear Mr. Brooks,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas hereby requests administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Merrion Oil & Gas has notified the offset operators.

If you should have any questions or concerns, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Philana Thompson". The signature is fluid and cursive, written over a white background.

Philana Thompson  
Regulatory Compliance Specialist  
Merrion Oil & Gas Corporation  
505-324-5336 office



August 20, 2010

Robert L. Bayless, Producer LLC  
PO Box 168  
Farmington, NM 87499

Re:  
Application for Administrative Approval for a non standard spacing unit  
Merrion Oil & Gas Corporation  
Westland Park #1 30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL  
San Juan County, NM  
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Mr. McCord,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas is requesting administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Enclosed is a copy of the Application for Administrative Approval for a non standard spacing unit for the Westland Park #1 well that has been sent to the New Mexico Oil Conservation Division for the administrative approval. If your company should object, you must file your objection with the New Mexico Oil Conservation Division within 20 days, as required by the OCD rule 15.13.D (19.15.15.13D NMAC). If you have no objection to the proposed non-standard spacing unit, please so indicate by signing and returning one copy of the letter to me at the address shown on the bottom of this letter.

If you should have any questions or concerns, please do not hesitate to contact me. Your prompt attention to this matter will be very much appreciated.

Sincerely,  
  
Philana Thompson  
Regulatory Compliance Specialist  
Merrion Oil & Gas Corporation  
505-324-5336 office

\_\_\_\_\_ hereby waives notice of hearing and objection to the application by Merrion Oil & Gas Corporation for the non-standard spacing unit for the Westland Park #1 well as depicted on the enclosed application. If you don't respond, Merrion Oil & Gas will assume that you are in agreement.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_



August 20, 2010

XTO Energy Inc.  
Aaron Austin  
810 Houston St  
Fort Worth, TX 76102-6298

Re:  
Application for Administrative Approval for a non standard spacing unit  
Merrion Oil & Gas Corporation  
Westland Park #1 30-045-34749 UL C, S18, T29N, R13W 1269 FNL & 1183 FWL  
San Juan County, NM  
Basin Fruitland Coal/ Kutz West Pictured Cliffs

Aaron,

Pursuant to 19.15.15.11 B. 3 NMAC Merrion Oil & Gas is requesting administrative approval for a non-standard spacing unit for the above referenced well for the Kutz West Pictured Cliffs formation.

Section 18 is a truncated section, and the NW/4 is only 90 acres. Therefore, a NSP is needed to set up a spacing unit for the NW/4

Enclosed is a copy of the Application for Administrative Approval for a non standard spacing unit for the Westland Park #1 well that has been sent to the New Mexico Oil Conservation Division for the administrative approval. If your company should object, you must file your objection with the New Mexico Oil Conservation Division within 20 days, as required by the OCD rule 15.13.D (19.15.15.13D NMAC). If you have no objection to the proposed non-standard spacing unit, please so indicate by signing and returning one copy of the letter to me at the address shown on the bottom of this letter.

If you should have any questions or concerns, please do not hesitate to contact me. Your prompt attention to this matter will be very much appreciated.

Sincerely,  
  
Philana Thompson  
Regulatory Compliance Specialist  
Merrion Oil & Gas Corporation  
505-324-5336 office

\_\_\_\_\_ hereby waives notice of hearing and objection to the application by Merrion Oil & Gas Corporation for the non-standard spacing unit for the Westland Park #1 well as depicted on the enclosed application. If you don't respond, Merrion Oil & Gas will assume that you are in agreement.

By: \_\_\_\_\_ Date: \_\_\_\_\_

Printed Name: \_\_\_\_\_



August 20, 2010

Dugan Production Corp  
John Roe  
709 E Murray Dr  
Farmington, NM 87401

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John,

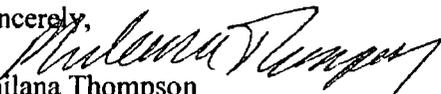
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Printed Name: \_\_\_\_\_

## Brooks, David K., EMNRD

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**From:** Brooks, David K., EMNRD  
**Sent:** Wednesday, August 18, 2010 2:54 PM  
**To:** 'pthompson@merrion.bz'  
**Subject:** Westland Park No. 1; NSP application

Dear Ms. Thompson

In the referenced application, you state that no notice is required because Merrion is the operator of the entire section. In the case of the NSL application, this is correct in that no notice is required because the encroachment is internal within the unit.

In the case of the NSP application, since the proposed non-standard unit is an entire quarter section, there are no owners left out of the unit, and therefore no notice is required by the express provision of Rule 4.12.A(3). However, that rule also provides that notice shall be given to other persons to whom the Division requires notice. Where an application to create a non-standard unit significantly affects well density, as is the case here (1 well per 90 acres versus 1 well per 160 acres), it is our policy to require notice to offsetting operators of all adjoining units. Therefore notice needs to be sent for the NSP application to the operators of the adjoining units to the north, northeast, northwest and west, which are not in Section 18.

Thanks

David K. Brooks  
Legal Examiner